

Oversight Committee Meeting November 12, 2020

In Attendance: Steve Van Pelt (ABSS), General Blake Williams (ACC), Mitch Brigulio (Davenport), Allison Gant (ABSS), Bryan Hagood (Alamance County), Amy Scott Galey (Alamance County), Dr. Algie Gatewood (ACC), Jeremy Teeter (ABSS), Tom Hartman (ACC), Dr. Todd Thorpe (ABSS), Matt Banko (ACC), Susan Evans (Alamance County), Andrea Rollins (Alamance County), Josh Fernandez (Alamance County)

An updated financing calendar is included in the most recent Davenport debt model provided to the County. The target date for the entire ABSS debt issuance is April 20, 2020. That aligns with target date for ACC. ACC first debt issuance is same date. If those two align, it is expected to save money and effort.

Financing Timeline Update – Davenport

The timing of project bids will be the main driver of the financing calendar. The updated calendar is built on the assumption that bids will be in-hand for ABSS projects and the first ACC project by mid-March. Based on that, a target sale date of April 20 is expected. Because they are general obligation bonds, the Local Government Commission (LGC) will be an integral part of the process. They only allow one general obligation bond sale per week, so it was important to get on their calendar early to “reserve” a date for bond sale. Davenport will work through December to produce an initial draft of a credit presentation. Because they are publicly sold bonds, there will need to be a credit rating provided for the bonds. Moody, S&P, and maybe Fitch will be presented with Alamance County financial information to produce a rating. Davenport will work with staff to prepare a detailed presentation to the rating agency for their credit analysis and will give the County an opportunity to tell its story. Davenport will set up an outline for the presentation and work with staff with a list of information requests to help them build out the presentation. A good credit rating will help the County save money on interest costs.

The LGC will begin receiving information in January in order to produce its *official statement*, setting up all details of bond issuance and overview of county demographics, economics, management, financial information, and associated risks to publish for potential investors. The LGC takes the lead in putting that document together, working with County staff, Bond Council, and Financial Advisor (Davenport). Later in January or early February, Davenport will review initial credit presentation with County staff and begin conversations with credit agencies.

Sometime between early and mid-February, the LGC will have the initial draft of official statement completed. Then, Davenport will have a due diligence call with LGC, and they will be provided a status on the projects to make sure they are still on track for the April sale date. The working group will then be able to provide feedback to the official statement to the LGC. The *notice of sale* summarizes key terms and conditions and establishes bid process in conjunction with LGC and County staff.

Around the same time as rating meetings, ABSS project bids are expected to come in. That will provide necessary documents to LGC to move forward.

On March 15, Alamance County Governing Board action will be needed for issuance of the general obligation bonds. This involves an *issuance resolution*. That will approve the bond parameters, not-to-exceed bond amount, and delegate County staff and the Board Chair authority to take all necessary steps

to move forward with the issuance. No more LGC approval is required at this point, just the one County Governing Board action on March 15.

Also around mid-March, ACC bid documents are expected to be in-hand. By late March, ACC should have guaranteed a guaranteed maximum price and subcontracting bids for its first bond project, the Biotechnology Center of Excellence & Parking.

In late February and early March, the credit rating meetings will take place, and a credit rating is expected back by the end of March. That will finalize notice of sale and official statement. About two weeks before sale, those documents will be posted to *i-Deal Prospectus* platform, which is where actual bond sale takes place. That will allow bidders to review those documents and begin registering to buy the bonds. Bidders frequently participating in North Carolina transactions will be contacted to make sure they know about the sale. That will maximize the number of bidders, which will hopefully mean a low interest rate for the County. At 11 AM on the date of Sale April 20, all involved parties will review bids as they come in on the online platform. All bids will display, sorted by average interest rate. Interest rates will be verified, followed by a verbal award to the winning bidder. That winning bidder will provide principal and interest schedule for the bond issue. That will lock in the interest rate for the term of the bond. After the verbal award is made, the bidder will provide a good faith deposit on the bonds to the LGC, which is typically about 2%. That way, if the underwriter did not come through and buy the bonds, they would lose 2%, and the County would get 2% to help with a re-bid process and buffer against possibly higher interest rates in the future.

After bond sale, another Technical Review Committee (TRC) meeting will take place, and the official statement will be finalized and distributed to everyone who bought the bonds. In early May, the bonds would be closed. There are a few rare instances in which the underwriter could back out of closing the bonds after pricing. Once bond funds are received, reimbursements will first be made to the County for funds spent before sale according to reimbursement resolutions, and the rest will be available for construction after that.

ACC's second project is expected to be ready for bond sale in early or mid-July 2021. The June 7 County Governing Board meeting is scheduled to approve July 2021 bond sale through an *issuance resolution*, which will provide a not-to-exceed bond amount for the project. Then, the process will follow same structure as first bond sale.

The new Davenport document should match funding calendar. ACC's project dates have changed slightly. The dollar amounts have also changed. There have also been minor formatting changes.

ABSS Projects - Todd Thorpe and Jimmy Russell

All School Board approvals needed at this point have been approved. In addition, all projects are on-budget.

The South Mebane bond project is currently underway. Without students in buildings, it has moved along more quickly.

CIP projects are still underway.

The County Capital website should contain accurate information about ABSS bond projects.

ACC Projects – Algie Gatewood and Tom Hartman

Alamance Community College shared a PowerPoint presentation during their update. The PDF of that presentation is attached to these notes.

The Biotechnology Center and Parking bond project is progressing on-time as scheduled. The project budget is \$17.6 million. Construction is expected in April next year (2021), expected completion in June 2022.

The Student Services Center bond project is far along into conversations with the architect and design group. Construction is expected to begin in August 2021. Completion is expected for July 2022.

The Public Safety Training Center bond project is moving slower than planned. The holdup has been the lease negotiation, due to partnership with private organization who are protecting their own interest and the interest of their stockholders. ACC is expecting a final lease very soon. They are investigating property liability coverage. The construction start date for this project is yet to be determined. The Architect for this project is Moseley, and the Construction Manager At-Risk is Samet.

The Childcare and Modernization of Classrooms bond project, along with the Satellite Location projects, are far out in the future, and no changes are reported at this time.

CIP Projects are moving forward. A lot of HVAC upgrades and air handling unit replacements have been completed. Various building upfit projects are going on, including a print center which is done, and upgrading student services space for Trio Services Program, and Dental Program space improvements.

Other campus maintenance is underway, including concrete repairs, IT upgrades, fire sprinkler upgrades, accessibility upgrades including wheelchair accessible van.

Many bids and quotes are coming in under budget.

Alamance County Projects – Bryan Hagood and Andrea Rollins

New photos have been uploaded for 2-3 projects on the capital website.

Roofing project almost done at Historic Courthouse, and the roofing project at JB Allen Courthouse is underway.

The Petree Building project was slowed down due to meeting Corps of Engineer requirements and municipal storm water regulations regarding a stream running through the property.

Closing

In closing, ABSS Board Member Steve Van Pelt conveyed fond memories and reflections upon his time working with Alamance County and the school system in facility planning. Oversight Committee members offered congratulations on his retirement.

The Oversight Committee is tentatively scheduled to meet next on December 17, 2020.